M E M O R A N D U M

To: State Agencies

From: Dan Sipes, Director – Administrative Services
Information Technology Department

Date: Wednesday, April 14, 2010

Subject: **BUDGET GUIDELINES FOR 2011-2013 BIENNIUM**

The Information Technology Department (ITD) has projected service rates for the 2011-2013 biennium. The rate schedules and a brief description of the services for Data Processing, Telecommunications, and Micrographics may be found on the ITD website at www.nd.gov/itd/billing. Rates that are highlighted in **bold** are the rates that changed from the 2009-2011 budget instructions.

Each biennium ITD looks at the need to adjust the rates for the services provided. Because it is difficult for agencies to adjust their funding once the budget has been approved, every attempt is made to keep ITD rates from increasing during the biennium. The following is an overview of the rate changes for the upcoming biennium.

The service rates for professional staff will increase to cover the increases projected for salaries and health insurance premiums. Most of the network and general hosting rates will increase to cover increases for professional staff, equipment and software maintenance. Rates for telephone services are expected to remain steady during our continued rollout of Voice over IP.

Enterprise Project Management and Large Project Oversight
Agencies with large projects will be billed a one-time fee to cover the costs associated with the Enterprise Project Management Office and large project oversight requested by the Legislature.

ConnectND
ITD bills each agency for the cost of ConnectND (the PeopleSoft financials and human resource applications). Each agency has a ConnectND fee on their data processing bill each month. The amount each agency needs to budget is as follows:

- $15.04 per month for each legislatively authorized FTE identified in the 2009-2011 Legislative Appropriations book.
- $7.13 per month for every $1 million appropriated to the agency as identified in the 2009-2011 Legislative Appropriations book.

Software Development Toolset Upgrades
The ITD Software Development Division supports many software development tools and languages. ITD upgrades to new versions of our tools and languages on a regular basis. This prevents obsolescence of customer applications. Agencies should budget for upgrades to their existing applications. The Budget Guidelines for Toolset Upgrades document includes initial estimates of the average time required to modify agency programs due to toolset and language upgrades. Agencies should contact their ITD Team Leader if they have questions specific to their agency.

Network Rates and Technology Fee Counts
Network rates will increase to cover increased labor costs and additional network bandwidth. In addition Virtual Private Network (VPN) for remote access for state employees and Instant Messaging are now covered in the base Technology Fee for state agencies. VPN access for contractors will still be billed the same monthly fee.

Base connectivity for state agencies with remote locations on STAGEnet previously provided 1.5 Mbps of bandwidth. In the new biennium the base circuit will now have 5 Mbps of bandwidth with additional bandwidth available for additional cost. Agencies who have broadband connectivity (DSL, cable, wireless, satellite, cellular) will see a broadband add-on charge in addition to vendor cost of the broadband connection. The premium add-on will apply to locations that require network to network connectivity and will come with extended support hours. The basic add-on will apply to locations that have six or less connections and do not require the network to network connectivity or extended support hours. The residential add-on will apply to single person locations that do not need network to network connectivity or extended support hours.

The Technology Fee metric is based on the number of legislatively authorized FTE identified in the 2009-2011 Legislative Appropriations book. A small number of agencies will see an upward adjustment if they have their own server farms or have significantly more computers than FTE counts. A few agencies run large 24x7 operations and these agencies will see a downward adjustment to reflect this type of shift work. ITD will notify affected agencies and finalize the Technology Fee metric for those agencies by the end of May 2010.

Storage Rates
ITD is planning to implement new storage rates that bill backup of data separately from the primary data storage. For agencies with multiple terabytes of data related to a specific application ITD has also been piloting dedicated storage platforms. For file and print storage agencies should budget 25% more per GB than they are paying today. For other storage platforms agencies should budget the same amount as they are paying today. Agencies with significant storage growth projections should meet separately with ITD to determine if the new rate structure will help to mitigate the cost impact of their storage growth.

SQL Legacy Application Surcharge
Several agencies are running SQL applications that have not been upgraded and are running under SQL 2000. These agencies will need to upgrade those applications to the new version of SQL by January 2012. Agencies not upgrading by January 2012 will see a minimum surcharge of 25% to cover the operating costs of the legacy SQL 2000 environment.

Enterprise Forms
ITD recovers the cost of enterprise forms infrastructure by charging a per form fee for all state forms. The Agency Form Counts document lists the number of forms for each agency.

Rightfax Rates
Some agencies have applications that generate a significant amount of incoming and outgoing fax traffic but are only using a single generic account. These accounts will be reviewed and charged a tiered monthly Rightfax application fee based on the amount of usage.

Enhanced Display Telephones
Currently 10% of our installed phone base uses the Enhanced Display Phone. With the pending switch to Voice over IP agencies will no longer have this as a phone option. Agencies may choose to deploy a Basic Phone which is $3 less per month than the Enhanced Display Phone or they may choose a Professional Phone which is $2 more per month than the Enhanced Display Phone.

Micrographics Rates
ITD will continue to coordinate micrographics services in state government but will be outsourcing the actual processing of microfilm due to the age of our existing processor and the declining use of microfilm in state government.

These are the major changes ITD will implement for the next biennium. Please review the associated rate schedules and description of services. If you have any questions, please feel free to give me a call at 328-4317 or Greg Hoffman at 328-4006.

Thank you.